

STATE OF MARYLAND

R E P O R T

I N R E

THE ORGANIZATION AND ADMINISTRATION
OF THE STATE GOVERNMENT

PART I

SUMMARY STATEMENT OF FINDINGS AND RECOMMENDATIONS

April 15, 1921

GRIFFENLAGEN & ASSOCIATES, LTD.

INDUSTRIAL ENGINEERS, ACCOUNTANTS, AND EMPLOYMENT ADVISORS

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OFFICE SYSTEM

116 SOUTH MICHIGAN AVENUE
CHICAGO April 15, 1921

Hon. Albert C. Ritchie,
Governor of Maryland,
Annapolis, Maryland.

Dear Sir:

REPORT ON THE ORGANIZATION AND ADMINISTRATION OF THE STATE GOVERNMENT

During the last six months we have under your direction made an examination of the general departmental organization of the State of Maryland with especial reference to administrative problems and policies. We now submit in this report a statement of our findings, conclusions, and recommendations with particular emphasis on those subjects that seem to us to be of the greatest importance in connection with the program of improvement and economy that you have undertaken.

The report will be found in five parts - Part I, bound herewith, being in the nature of a general summary of conclusions first, as to the needs of the state organization as a whole and second, as to certain larger questions of state policy closely related to problems of administration. Stated concisely, these conclusions are that a complete

hensive reorganization of the general administrative machinery of the state is needed; that an accompanying revision of the organization and procedure relating to the handling of financial and accounting affairs should also be brought about; that as far as the departments themselves are concerned they are now operating at a fair standard of efficiency, and that no general recommendations can be made as to their requirements. The report, however, contains a complete detailed report on each agency.

Part II of the report presents in detail a plan of administrative consolidation that will bring together the many independent state agencies into a small group of major departments, each under the directorship of an appointee of the Governor. The adoption of this plan will unquestionably provide more effective central executive control and make for simplicity and economy in organization and procedure.

The third section of the report deals with problems of fiscal administration and of accounting and auditing procedure. It brings out the confused situation resulting from the illogical distribution of functions and responsibilities among the financial officers of the state and offers suggestions for a rearrangement that will meet the requirements of central financial control.

Part IV contains a series of "unit studies" of the various departments, institutions, commissions, boards, and other agencies of the state. Each section takes up an individual existing state agency and, in addition to certain descriptive matter as to functions, organization, and expenditures, discusses existing conditions and methods of procedure in more or less detail, all with the idea of presenting a general appraisal of the efficiency of the unit and an opinion of the opportunities for im-

provement. As Exhibit I supporting the descriptive matter in Part II, a complete and detailed set of organization charts has been prepared showing in graphic form the internal structure of every branch of the state government, the relationships of the various sub-divisions, and the position of each employe in the state service.

Part V deals exclusively with the problem of office space required by the state in the City of Baltimore and ways and means of securing such space at the least expense. It brings out the advantages of a central state office building in Baltimore.

It should be made clear that the objectives sought in this study require that the report should deal with the larger problems of state administration and with the more fundamental needs rather than with minor inefficiencies in some of the branches of the government. Where defects or shortcomings in the administrative methods of state officers or agencies are referred to they are usually put forward as examples of the inevitable result of the faulty administrative structure of the state government as a whole, - in other words, as the results of traditional but unwise practices rather than of delinquencies of the present personnel. The constructive rather than the muck-raking attitude has been sought. The suggestions made in the departmental discussions in Part IV have been put forward with the idea that they would be helpful as indicating the direction in which improvement might be sought, and as furnishing a basis for further investigations into the opportunities for such improvement.

In the course of the conferences, examinations, and inspections and in connection with the requests that were made for data,

the filling out of questionnaires, and the supplying of statistical information, the attitude of state officers and employees were found to be uniformly friendly, helpful, and interested, and the entire work can properly be looked upon as a cooperative product. This does not in any way mean that the recommendations contained in this report represent anyone's conclusions or opinions except our own. They have the value that comes from an impartial outside point of view. It is to be expected and hoped, however, that many of the opinions expressed and many of the suggestions offered will correspond closely to the ideas of state officers who have given much consideration to the same problems.

It will be noted that a number of the proposals for administrative and financial reorganization cannot be put into effect without amendment of the Constitution. We have not felt that this fact should be any reason for withholding the suggestions or for delaying action on those parts of the program that can be carried into effect through legislative action. On the other hand, the proposals have been restricted to subjects involved in the administrative organization of the state. Problems relating to elections, the composition of the General Assembly, and relations between the legislative and the executive branches have not been gone into. These are subjects, however, that have an important bearing on the problems of efficiency and economy in the state government, and we desire to go on record as favoring measures that will keep down the cost of elections, that will shorten the ballot, that will simplify the legislative procedure, and that will bring the work of the Legislature into closer relationship with the work of the administrative branches. There is no doubt in our minds but that in the near future

one after another of the states of the Union will see the merit in recent proposals for a unicameral assembly, and for giving members of the cabinet seats, if not votes, in the legislative assembly where they may explain administrative measures and account for their executive policies and acts.

Yours faithfully,

GRIFFENHAGEN & ASSOCIATES, Ltd.

by *E. D. Griffenhagen*
Director

PART I

SUMMARY STATEMENT OF FINDINGS AND RECOMMENDATIONS

Purpose and Point-of-View of the Survey:The State Government Viewed as a Business Enterprise:

In making a critical study and appraisal of the executive branch of the state government and in developing the recommendations to be found in this report, an effort has been made to lay especial emphasis on the organization and operating procedure from the point of view of modern business administration. The underlying aim and purpose of the survey has been to ascertain the opportunities for a more business-like conduct of governmental affairs. At the same time the problems of popular government, the fundamentals of political science, and the differences between the commercial and the public service have not been lost sight of.

A word with regard to the essential likeness between a public body and a privately-controlled business enterprise will be to the point. It is true that private business is subject to competition and operates under a profit-making incentive and the state or city is not supposed to be engaged in competition and its objective is service rather than profits. These differences have more to do with objectives than with methods and have practically no bearing on the problem of administrative efficiency and economy. A state is under a moral obligation (and in these days of high costs and rising taxes under a very

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strong practical obligation as well) to supply essential services to the tax-paying public at the minimum cost and with the maximum effectiveness. No privately-owned enterprise is faced with a greater necessity for keeping down the costs and for building up the efficiency of its machinery. A sound organization, simple, labor-saving, modern business methods, responsible central control with resulting coordination of effort, a competent and industrious personnel, a wise financial policy, and an adequate accounting and auditing procedure are equally essential to the success of a public and a private business. This applies to every state department and institution and every state transaction.

Tendency of Governments toward Self-Examination: In recent years as the costs of government have mounted upward and as the demand from the public for retrenchment to offset the rising tax rates has grown, there has been more and more interest shown in opportunities for economy through the betterment of administrative organization and methods of procedure. Earlier movements aiming at administrative reform concerned themselves more largely with the purifying of politics and the eliminating of dishonesty and the efforts of political reformers were directed toward the securing of a better expression of the popular will through such methods as the shortening of the ballot and the providing of primary elections. More recently however the emphasis has been directed toward the administrative problem, and it has come to be recognized that the measures that have the greatest influence on the efficiency of the administration such, for example, as the fixing of responsibility on the chief executive, are the very measures that are desired in the interest of a better popular control.

The Cost of Government in Maryland: A study of the comparative expenditures of the governments of the various states as given by the United States Bureau of the Census, discloses that the State of Maryland ranks fifteenth among the states in its per capita expenditures. It expends \$6.69 every year for each inhabitant as compared to an average for all the states of \$5.16. It is interesting to note that in the states having a more centralized organization than Maryland the per capita cost of government is considerably less. In the case of Illinois and Nebraska, where programs for administrative consolidation have been effected, the per capita expenditures for 1919 were \$5.43 and \$4.42 respectively. The figures for 1920 expenditures in Nebraska will show a considerably lower rate. The State of Alabama, which also has thoroughly effective control over its various departments and institutions, expended but \$3.12 in 1919.

It is particularly significant that only four of the states in the Union expended more per capita for general overhead administrative expense than did Maryland in 1919. The state spent \$1.09 per capita for overhead as compared with an average of 50¢ for all the states. Vermont, Rhode Island, Arizona, and Nevada are the only states in which the overhead administrative expense exceeded that of Maryland. In these states local factors making for particularly large expenditures on this score must be considered and they cannot properly be compared to Maryland. In the State of Illinois, where centralized control over the executive departments had been in effect for three years, the cost in 1919 was only 45¢ per capita. In basing conclusions upon these figures one consideration should be given to possible differences in the ac-

counting basis and the allocation of departmental costs.

Whether these statistics correctly represent the relative efficiency of Maryland's expenditures or not, it will be conceded that nothing should be left undone to bring the unit costs of the state's activities down to the lowest figure consistent with a high standard of service. It is the purpose of this report to indicate some ways in which this can be done.

Findings of the Survey:

The findings and conclusions of the survey of existing conditions and practices and the recommendations offered as a result of a consideration of the problems involved are summarized in the following pages of this part of the report and are set forth and discussed in considerable detail in later parts.

The first and undoubtedly the most important conclusion is that the general administrative structure of the state government is badly in need of a comprehensive revision - a reorganization that will set up a limited number of major departments along functional lines and that will establish the foundation for central executive control, for the elimination of conflict and duplication, and for the coordinating of state activities.

The second conclusion closely related to this is that the organization of the financial work and the division of responsibility and authority as to the fiscal, accounting, and auditing functions involved are at the present time very unscientifically laid out, largely due to constitutional provisions which are surprisingly confused and illogical.

In addition to the findings on these two fundamental subjects there are a number of policy matters having to do with the best method of applying the resources available for the purposes to the educational, welfare, and health work of the state that are referred to in this summary. They are closely interwoven with the administrative problem.

The many matters relating to the internal operations of the various units in the state organization that are deserving of comment are brought out in Part IV in connection with the critical discussion of the various state agencies contained in those pages. It has not been possible to deal with them adequately in any general statement although they are commented on in later pages of this part.

The departmental survey has also brought out the desirability of making better provision for the offices of state departments located in Baltimore City.

General Administrative Organization and Control:

Present Organization too Complex: The organization of the state is made up of eighty-five more or less independent departments, offices, boards, and commissions (see Table A of Part II for complete list). Except for the constitutional offices, these various agencies have been created from time to time by the General Assembly without any apparent policy or scheme either as to their form, their place in the general organization, their relationships to existing units, or the method of supervision. There are ex-officio boards, boards of paid commissioners, boards whose members serve without pay, single commissioners, independent executive heads, and executive heads operating under a vague di-

rection of special supervisory bodies. The organization of the state government is too complex. There are too many units. There is no grouping of state agencies according to similarity of functions; there is no adequate provision for affiliating the minor units with the principal executive officers of the state; there is no uniformity in the scheme of organization of the various agencies.

Central Executive Control Impossible Under Existing Condi-

tions: It is the usual opinion of the public that the Governor is responsible for the efficiency or inefficiency, success or failure, of the state administration as a whole. It is proper that the chief executive officer should be held responsible for these things and that he should make or mar his record by the results he accomplishes. All the advantages of this fixing of responsibility are lost, however, in a scheme of administrative organization that makes it impossible for the Governor to materially influence the routine operations of the state departments in the service they give to the public or in the costs they incur. It is also decidedly unfair. Nevertheless this is the condition in Maryland. The large number of agencies alone makes it physically impossible for a single individual to give them adequate supervision. If the chief executive could free himself for one day each week from his many routine official duties as Governor to go into the affairs of some one agency of the state, it would take him over a year and a half to get through the complete list. There are very nearly 400 members of state boards and commissions and department heads, and if the Governor were to devote one hour each working day for individual conferences with them in turn he could only meet each man once every year and a half. This number does

not include members of the legislative branch or county or city officials. There are other factors aside from the number of units and individuals to deal with that make adequate control by the chief executive impossible. Overlapping terms are provided by law for members of certain boards and commissions which limit the appointive power of the Governor, and in other cases the statutes make no provision whatsoever for supervision or control by the Governor.

There can be no doubt that where responsibility for the direction of the state's affairs is thus scattered by the very machinery of the law among hundreds of individual officers inefficiency and indifference on the part of subordinate officials and employees is bound to appear. The practical isolation of many of the state offices and departments and the lack of personal, interested, first-hand supervision on the part of any of the higher executives of the state means that earnest effort and commendable initiative are likely to go without recognition and that indifference and incompetency are likely to go unnoticed. In fact, it is apparent that conditions must become strikingly bad before they will get to the ears of the Governor, and that even then he may be helpless to remedy them. The lack of a basis for unified control and direction also means that the various state departments have no official means of keeping in touch with one another, and that there is no individual or agency responsible for bringing to any one of them the benefit of the other's experience. There is no coordinating influence and no clearing house for the promulgation of state policy or the standardization of departmental practice. The difficulties of supervision and control are further aggravated because of the physical location of the state

offices, some at Annapolis and others at Baltimore, not to speak of the outlying locations of the various institutions. Furthermore, within the city of Baltimore itself over thirty agencies are now located on thirty separate floors in sixteen different buildings.

Commission Type of Organization Considered Undesirable:

The most common type of administrative organization for the agencies of the State of Maryland is the commission type. It is generally conceded that this is not an effective plan for getting results from a business standpoint. Commissions or boards as advisory or controlling bodies have marked advantages and make it possible to give representation to many points of view. They make for deliberation and they are likely to offset the tendency towards bureaucracy. But these very virtues become serious defects when considered from the standpoint of executive control where definiteness of responsibility and quickness of action are required for effective direction rather than interchange of opinion. The fact that certain boards and commissions that are able to work in harmony or that are dominated by some strong and active personality have been able to accomplish satisfactory results cannot offset the conclusions of experience in many jurisdictions over a long period of time. E. Dana Durand, former Director of the Census, in a discussion of this problem has summarized the indictment against boards and commissions as follows:

"Boards have no place in the administration of government or the execution of the law. The board system tends to delay, to dissipate responsibility, to inefficiency generally. You cannot put your finger on the man who is to blame if anything goes wrong. Several or many minds for counsel; one mind for action - that is a principle long ago enunciated but strangely departed from."

Policy of Employing Part-Time Executives Criticized: At

the present time many of the state officials devote only a part of their time to their official duties. This practice has grown up very naturally because of the constitutional or statutory restrictions on the salaries which may be paid to them. At one time these salaries may have been adequate for full-time service, but under present day conditions they are not sufficient to warrant the expectation that those receiving them will be able to cut themselves off from all other activities. Furthermore, elective offices have been looked upon as solely political and not as of an administrative character. Although the state has through this practice in many instances obtained the services of men of high qualifications and ability, this condition cannot in the average case or in the long run result in economy of administration. The old adage that "no man can successfully serve two masters" is particularly applicable when one of the two positions held requires the constant exercise of supervision. For purposes of illustration take a position such as that of the Insurance Commissioner who has not been expected to devote more than a part of his time to the work of the Insurance Department and who has been compelled to leave the details of administration to the Deputy Commissioner, although he must hold important matters of policy in his own hands. The Deputy Commissioner cannot feel fully responsible for conditions in a department if he is not the head of the department, and on the other hand matters demanding immediate attention and involving questions of policy are likely to be seriously delayed in the absence of the legal head of the organization. It cannot be gainsaid that it would be much better to add the salary of the Deputy Commissioner to that of the Insurance Com-

missioner and expect full-time service, or to give the Deputy Commissioner full charge. Take another instance; both the State Comptroller and the Chief Clerk of his office are part-time officials. It so happens that the present Comptroller devotes much more time to the affairs of the state than is ordinarily expected of an elective official. The Chief Clerk devotes about half of his time although he is paid a salary of \$3,000 per year. Surely the full time of one man adequately paid would bring better results dollar for dollar than the part-time service of two men inadequately compensated. Another instance; the inadequate salary authorized for the State Auditor has created a situation whereby he is forced to handle his official auditing as more or less of a side line to his private business. This surely is not a desirable state of affairs. The argument commonly advanced, however, when such conditions are referred to is that even if a higher salary were appropriated the state has no assurance of getting more service and would only be sure of spending more money. In this, of course, lies the crux of the whole difficulty. Adequate compensation, a competent personnel, and thorough-going supervision must go together. The second cannot be secured without the first, and without effective supervision the state cannot get the benefit of the compensation paid.

Adoption of Comprehensive Reorganization Program Only Adequate Solution: The conclusion to be drawn from the findings set forth in the preceding pages as to shortcomings in the existing administrative organization is obviously that reorganization is essential, and considering the character of the defects pointed out, it will be equally apparent that a closely-knit, logical, effective organization in accord with the

fundamental principles of good management, cannot be developed by tinkering. A major operation is necessary and a fundamental reconstruction and realignment of the governmental machinery is required. The Governor, if he is to be held responsible for the effective administration of the state's executive affairs, must be given genuine authority fully commensurate with his responsibility. In other words, it is the conclusion growing out of a careful analysis not only of the general problem of state administration but of the numerous minor problems of intra-departmental and inter-departmental organization and procedure that the general level of efficiency on which the state is now operating cannot be materially raised except through a reorganization of its administrative machinery. A plan for such reorganization is proposed and fully discussed and the foregoing findings and arguments are more completely set forth in Part II of this report. The essence of the plan is that functions and activities of the commonwealth should be grouped according to their natural relationships into eleven major divisions; that a single responsible director appointed by and removable by the Governor should be placed at the head of each of these eleven groups or departments; that these heads, who would form the Governor's cabinet and act as his lieutenants, should give close and continuous supervision to the affairs of their respective departments and bring up to him only those larger questions of policy upon which his administration must stand. These fundamental changes and those proposed for the reorganization of the financial office all involve constitutional changes as well as statutory amendments.

Discussion of the Proposal for Administrative Consolidation: There should be no opposition from those who have the best inter-

ests of the state at heart to any sound proposal for reorganization and administrative consolidation aiming at the accomplishment of the purposes that have been set forth above and for the remedying of the recognized defects in the existing structure. But there may be, as there have been in other jurisdictions, criticisms, not sincere, and coming from persons influenced largely by self-interest. If there are fewer official places provided in the scheme of organization there will be fewer appointments made and this will naturally not be a satisfactory prospect for those who look upon appointments to public places largely as a means of building up party machines. There may also be some opposition of a more honest kind from men of the conservative type, commonly referred to as "stand-patters", who attach a peculiar sacredness to established political institutions. The minds of such persons are imbued with the belief that the forms of government provided by law many years ago constituted discoveries in political science that cannot be improved upon and that because they seemed suitable in the past they are good enough for the present. These individuals must be asked to appreciate the fundamental changes that have been brought about by the tremendous increase in the volume and scope of governmental activities in the past fifty years and the need for something more effective in the way of governmental machinery to meet the new situation that has arisen. There may also be some honest opposition to the proposal that management of large divisions of the state government be entrusted to directors appointed by the Governor on the ground that this would throw the entire executive machinery into politics. The best answer to this is that the present complicated and decentralized plan of government makes it extremely easy

for persons who are interested in political machinations to gain their ends with little fear of disclosure. They can operate with comparative safety under the protective covering of an involved and complex organization and the principal executives on their part could plead, with perfect truth, their helplessness as the excuse for what may be their inefficiency. By definitely centralizing control under the Governor no such plea can be substantiated and the responsibility for results - good or bad - can be placed upon him and his departmental directors.

It should of course be understood that opinions may legitimately differ as to the exact number of departments and agencies to be established and it is not claimed that twelve departments or ten departments would not do as well as eleven, or that the proposed arrangement could not be altered or modified without affecting its successful operation.

Surveys in Other Jurisdictions: In response to the growing popular demand for administrative simplification and a more effectual control over expenditures, many states of the Union have, during the past ten years, undertaken investigations with these ends in view. Such inquiries received a considerable impetus from the investigation of the Federal Government conducted by the Commission on Economy and Efficiency appointed by President Taft in 1910. Among the states that have taken up the problem are Wisconsin, 1911; New Jersey, 1912; Massachusetts, 1912 and 1918; New York, 1913, 1915, and 1919; Iowa, Illinois, Pennsylvania, and Minnesota, 1913; Connecticut, Alabama, Colorado, and Kansas, 1915; Virginia, 1916; Oregon and West Virginia, 1917; California and Delaware, 1918; Nebraska, 1918; South Carolina and Ohio, 1920; and Missouri, 1921.

The Dominion of Canada is at the present time engaged in a comprehensive reorganization.

In relatively few instances (in some cases the investigations amounted to little more than a series of public hearings on the part of a legislative committee) was the inquiry broad and inclusive enough to lay the foundation for a comprehensive rehabilitation of the machinery of state government. A number of the investigations concerned themselves only with special phases of the administrative problem, such as taxation, the budget, accounting procedure, or the enforcement of public health laws. In Illinois, Nebraska, Idaho, Massachusetts, Minnesota, Ohio, and South Carolina, however, the studies of the state governments were detailed enough to permit the formulation of a fundamental plan of reorganization. In the first four states mentioned, legislative enactments have put the plans recommended into operation.

The reports and recommendations made as a result of recent investigations of state governments, in so far as they have been concerned with administrative reorganization, invariably confirmed the need for coordinating the work of offices and boards which under the old practice are independent or semi-independent. All agree that where related functions and activities are not grouped together, duplication, conflict, and waste are unavoidable. With few exceptions they recognize the necessity for making the public service more responsive to public opinion, through definite executive leadership that can interpret the public will and at the same time is fully accountable to the people. They bring out that the state organization should take a form which is adapted to getting things done, should render the service demanded by the public, and should

conform to the best standards of private business. There is some difference of opinion displayed with respect to the place and power of the Governor, but with very few exceptions these reports demanded that he be made a chief executive in the full sense of the word. In the past the Governor's office has been largely a political one, but it is now proposed that it shall become one of administrative importance as well.

Illinois, Nebraska, and Idaho, among those states whose plans were enacted to law, illustrate most fully the demand that the administration must be organized around a responsible executive. Each of these states has divided its executive branch into a few departments which are under the control of single heads appointed by the Governor and responsible to him. Because of constitutional restrictions the constitutional offices have for the time being been excluded from these consolidation programs.

Findings as to Financial and Accounting Organization and Control:

The financial organization of the state as provided by the constitutional statutes is not such as to make possible a plan of central financial direction or a modern system of accounting and auditing control. The confusion of jurisdiction as between the Treasurer and the Comptroller, the overlapping of responsibility between the Comptroller and the Auditor, the failure to give the Governor, as chief executive, the machinery for the formulating and directing of the financial policies of the state, the absence of any recognition of financial management as an integral part of general executive management - all make a fundamental reorganization imperative if the fiscal affairs of Maryland are to be administered in accordance with modern governmental practice and good

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business policy. The whole problem is thoroughly discussed in Part III of this report. The findings and suggestions there set forth may be briefly summarized as follows:

Under the present system by which public moneys collected are in many instances held out and disbursed by the departments, the central financial authorities, or "treasury officials", are in no position to exercise the proper control of the financial affairs of the State. All public moneys should be immediately turned over and accounted for to the treasury and disbursements in all but a few exceptional cases should be made by the treasury on the presentation of approved claims.

The books of the central financial office should be designed to make available current information (a) with regard to the relation between appropriations and contingent obligations on the one hand, and available resources on the other, (b) with regard to the assets and liabilities of the state and the net debt, and (c) with regard to expenditures and revenues chargeable to operation as contrasted with disbursements and receipts and the difference between these - in other words, with regard to the increase or decrease in the net debt during any period. The record-keeping methods themselves should also be modernized to make possible the efficient handling of a larger volume of transactions.

By the adoption of a policy of immediate transmittal of state moneys to the central treasury the present inadequate system of after-the-fact audit should be supplanted by a business-like pre-auditing procedure administered by a central auditing office, namely, the Comptroller's Office.

In connection with these general reforms, the method of

handling collections, the method of recording and controlling state property, the placing of responsibility for the authorizing of expenditures and for the approval of claims, and the perfection of the system of expenditure and cost accounting and reporting should receive full consideration.

The estimating and budget procedure should also be revised and perfected with particular reference to its place in the scheme of central financial control. Special consideration should be given to the reviewing and analysing of estimates in the central financial office of the administration and in considering appropriations in the light of actual expenditures in the preceding period, unit costs, and results accomplished.

To make possible the adoption of these proposals for the better handling of the financial affairs of the state a plan of organization is proposed that will provide for a Department of Finance, under a Director of Finance, as one of the principal departments in the administrative organization. The Director of Finance should be a member of the Governor's cabinet and be his advisor and assistant on all matters having to do with the preparation of estimates, the control of expenditures, and the administration of departmental and general accounting systems. As one of his duties the Director of Finance should also act as treasurer, the responsibilities of a treasurer as a mere custodian of moneys being relatively unimportant in the modern scheme of financial organization whereby all the receipts and disbursements are subject to perfect control through the accounting records and the operations of an independent auditing office.

The second essential element in the proposed scheme of

financial organization should be a Comptroller's Office, under a State Comptroller, elected by the Assembly and standing midway between the legislative and executive branch. The Comptroller should be responsible for the approval of all receipts and disbursements and for the carrying out of the terms of the Appropriation Act and the other rules and regulations of the state with respect to the expenditure of public moneys. Obviously the State Comptroller's Office would absorb the present State Auditor's Office.

It is suggested that an advisory body might well be established to act in a counselling capacity to the financial officers of the state, to be termed the Treasury Council. The Council should represent the administration and the General Assembly. It might well comprise the Governor with two votes, the Director of Finance with one vote, the State Comptroller with one vote, and the chairmen of the appropriation committees in the House and Senate as the other two members.

There are certain matters of fiscal policy which are of considerable importance from the standpoint of economy, to which especial attention should be called. With regard to borrowing, it is suggested that the practice of issuing bonds to meet expenditures for relatively small public works be discontinued. Except for some difficulties in transition from the old plan to the proposed policy there is no reason why the state should not plan to finance these expenditures out of revenues from year to year and save the interest involved. A further saving of interest could be brought about if all state funds were turned over to the State Treasury immediately and kept there, thus concentrating available cash.

Findings as to Departmental Conditions and Methods:

The various departments, institutions, and offices of the state considered separately are reported upon with respect to their own local problems in Part IV of this report. It is difficult to summarize the findings or to generalize with regard to the economy of departmental methods or the efficiency of departmental employees. There is much variation. It can be said, however, that the average standard of efficiency in the departments and offices of the State of Maryland is somewhat higher than is ordinarily found in the public service and that there are practically no conditions that can be characterized as bad. In so far as it is possible, the following paragraphs will set forth generally the nature of conclusions that can be drawn from the departmental surveys with regard to such matters as internal organization structure, office methods, equipment, personnel, and employment conditions.

None of the departments of the state are very large and the question of determining the best type of internal organization has not apparently been given much serious consideration. In those offices that have grown rapidly and are now handling a considerable volume of work and also in most of the institutions there is considerable need for the improvement and particularly the clarifying of the plan of organization, the delegation of authority, and the fixing of responsibility, with particular emphasis on the proper separation of executive and routine functions. This general need is exemplified in the State Board of Labor and Statistics, and in the Department of Health (where all of the statistical work might be merged in a single bureau) and in the Public Service Commission although marked improvements have recently been made in the

letter. In the case of the institutions it is generally true that the medical work, the domestic activities, and matters relating to industrial and vocational employment methods should each be definitely placed under the supervision of a single individual.

There is little uniformity in departmental office methods. It would, of course, be strange if under the decentralized scheme of state organization anything like standardization should have been brought out. As is common in government departments, especially in some of the older ones, the filing and record-keeping procedure is not designed in the interests of efficient operation. The State Tobacco Warehouse is a case in point where the office system and equipment could be modernized. In a number of the offices there are also opportunities for standardizing the various forms in use and for material savings in stationery. There is no uniform policy as to the records themselves. In the Maryland Training School for Boys a comprehensive system of files showing the important facts concerning the admission, conduct, and dismissal of the boys is maintained, while at the Rosewood State Training School for Feeble Minded no records worthy of the name are kept.

The scattered location of the state offices in Baltimore and the difficulty the public has in getting in touch with those agencies who maintain no offices at all are factors that operate to the detriment of public convenience and of public business. This condition is described and the problem is discussed in some detail in Part V of this report and there also certain conditions related to the general question of office space are described that should be referred to in this summary. These are the opportunities of bringing about a well-worth-while total

saving in office space through the aggregate of a number of minor economies, such as the throwing open to everyday workers of boards and committee rooms that are seldom used, the merging of small private offices into larger rooms, and the transfer of old files and records in order to release valuable working space. It has been suggested that about 5,000 square feet of office space could be released through these measures, at the expiration of the present leases, or converted to other uses. The concentration of the various state offices in the City of Baltimore into one building would unquestionably aid materially in the effective operation and direction of the work of these offices, and serious consideration is invited to the proposal that the state provide its own office building in Baltimore City.

Most of the departments, particularly those most recently established, are supplied with equipment which is satisfactory and for the most part modern. The medical and laboratory equipment of the various state hospitals for the insane is also adequate. On the other hand, there is great need for the purchase of additional equipment in a number of the state institutions if they are to keep their work up to the standard that the state should expect of them. As brought out in other sections of the report there are many cases where facilities and equipment are woefully inadequate as, for example, at the University Hospital and at the University departments in Baltimore. The Industrial Training School for Girls, the Pine Bluff Sanitarium, and the Normal and Industrial School near Bowie are also in need of attention in this regard. The latter institution has accomplished remarkable results considering the inadequacy of its facilities, particularly its agricultural equipment.

The efficiency of state employes varies considerably and is, of course, largely dependent on the closeness of the local supervision. Two serious shortcomings in the employment policy of the state are largely responsible for this, and under the merit system and with the co-operation that the State Employment Commissioner has a right to expect from the Legislature these things should be remedied.

The first shortcoming is the lack of uniformity and equity in the salary scheme. A few examples chosen at random will bear out this criticism. Salaries for clerks or bookkeepers performing work which is substantially similar range from \$1,100 to \$1,800 per year. Salaries for the lowest grade of stenographers show a range from \$720 to \$1,440 per year. The salary range for the fully qualified, presumably competent, stenographer throughout the state service is from \$800 to \$1,500 per year. Similar conditions are found in wages paid to skilled laborers. The salaries paid hospital attendants range from \$360 to \$840 per year including maintenance - a difference of more than 100%. Farm managers in charge of farms which require substantially the same type of ability are at present paid from \$840 to \$1,500 per year with maintenance. Chauffeurs receive from \$300 with maintenance, to \$1,500 without maintenance. Some are paid by the month, some by the day, and some by the hour. Physicians at different institutions receive widely different rates.

The second defect in employment policy and one that is badly in need of attention is the lack of standardization of office hours. There is substantial variation in the office hours followed in the various departments. This is a further striking proof of the need for a standardization of administrative practice that can only be brought about through a closer central supervision of departmental activ-

ities. Inquiry made into the practice followed with regard to office hours in 22 offices in Baltimore and Annapolis brought out that the hours of work ordinarily followed by employees ranged from 5 hours per day to 10 hours per day. The average seems to be about 6 1/2 hours. In the State Insurance Department it was said that the hours ordinarily followed were from 9:30 to 3:30, while the office force of the State Tobacco Warehouse works from 7 A.M. to 6 P.M. Nine of the offices covered by this inquiry were open from 9 A.M. to 4 P.M., while eleven were open from 9 A.M. to 5 P.M.

It is obviously not practicable to offer general recommendations on departmental methods which must vary according to local conditions. It is certain however that the general proposal for a bringing together of the minor units into larger departments and for closer central supervision of the various offices will bring about a much needed standardization, raise the least efficient toward the level of the most efficient, and progressively elevate the standard. With regard to the question of compensation and hours it is, however, strongly recommended that the State Employment Commissioner be given the support and the legislative authority that may be necessary to enforce a fair and uniform policy, it being understood here also that while the nature of the business of an office may determine the best office hours, these conditions should also be taken into account in arriving at a fair relative basis of compensation.

Comment on Certain Policy Questions Underlying Administrative Problems:

The study reported upon in these pages was intended primarily to bring out ways and means of securing a better return from present

expenditure through more efficient organization and methods. Nevertheless such a survey necessarily brings to light certain questions of state policy that are even more fundamental than mere details of operating procedure and methods. Considerations of both policy and administrative efficiency are as a matter of fact involved in an appraisal of the results obtained for any given expenditures. If the appropriations themselves are not wisely applied and if the services rendered are not those most helpful and most necessary to the state, it is clearly futile to expect to secure real economy by a change of methods of administration alone. It would seem, therefore, that a few general comments on policy questions having to do with the largest items of state expense should properly be added to this summary.

The large part of the state's revenues is applied to public education, welfare, institutions, and health protection. These services are discussed in turn in the following pages.

Certain Phases of the State's Educational Policy:

State Aid for Local Education: Among all the questions of policy interwoven with the problem of state administration and economy the questions involved in the relationship of the state, the public schools, and the institutions of higher education are without doubt among the most perplexing and difficult of solution.

Considerable as is the two millions of dollars distributed every year to the counties and Baltimore City for educational purposes, this amount of state aid is insufficient to equalize the opportunity for education to children living in the various parts of the state. This aid will almost surely have to be increased in order to help out the

poorer counties and in order to give the Department of Education a more powerful weapon in dealing with those counties inclined to be somewhat niggardly. Children living in the richer counties or in those more willing to tax themselves for educational purposes have better facilities than children who, through no fault of their own, happen to live in one of the poorer counties where the local taxes even at high rates and supplemented by state aid do not provide schools of a high type, or in one of the better counties where the voters do not see fit to tax themselves at as high a rate as some others.

Teacher Training: The Towson Normal School presents a problem almost unique. Here the state has made a big investment in grounds, plant, and faculty and is now confronted with the difficulties common all over the country in getting prospective teachers, badly needed for the elementary schools, to take advantage of the facilities offered. The work of securing students is the most important in connection with this school; however, there are other problems of no mean magnitude in connection with the housing of additional students, the business management of the school, and such measures as the furnishing of meals and lodging below cost as an inducement to prospective teachers to attend the school.

The Frostburg Normal School is primarily a county normal school and almost in the category of a state-aided school. From what information is available, however, it would seem that the state should either spend more money in plant, faculty, and increasing the attendance or consider, as an alternative, the discontinuing of the aid now given. Generally normal schools of the size of the Frostburg Normal have not been found very successful.

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The Normal and Industrial School at Bowie has accomplished remarkable results with very limited facilities and should, it is believed, receive considerably increased appropriations, particularly for agricultural instruction.

Another closely related problem is that of the training of high school teachers. The normal schools avowedly give training for elementary school teachers only. The facilities of the Department of Education in the University of Maryland are at present inadequate. No other college in the state gives a great deal of attention to the training of high school teachers. The educational world is pretty well agreed that merely going through college without professional training gives a teacher insufficient equipment for high school teaching. If the state educational system is to be well rounded out, the present lack must be supplied in some way, preferably at the State University.

The University of Maryland: The University of Maryland presents a number of problems of policy in addition to problems of internal management. The first consideration is whether there is need for such an educational institution. Such need depends primarily on whether the University would occupy a field of its own or duplicate an existing institution. If there would be no such duplication, the question would still remain as to whether the state should build up a higher institution of learning to meet its needs or whether the result could better be accomplished by giving state aid to existing institutions as a means of encouraging them to extend their activities. It appears highly desirable for the state to build up a state university covering many fields of learning but to avoid unnecessary duplication of the work of existing

institutions, particularly Johns Hopkins University.

The present schools at Baltimore and College Park should naturally be used as a basis. With their present faculties, students, buildings, alumni, and traditions they constitute a going concern which would require years of time and millions of dollars to build up.

The proper maintenance of a big state university necessarily involves the expenditure of large sums of money. The regents of the University of Wisconsin at the recent session of the legislature in that state, asked \$11,000,000 for the maintenance and expansion of the institution. The University of Minnesota has received even larger appropriations.

It can be stated that in general the University of Maryland will require the expenditure of considerable money before it becomes what the taxpayers probably want and what right-thinking people will refer to with pride. The housing situation at College Park, for example, is little short of desperate. The University was located in what amounts to the open country; and living accommodations for the students simply must be furnished. The present dormitories for men have a population more than double that for which they were built, while the story with regard to the dormitories for women is eloquently told by the simple statement that the fifty-first woman student had to be turned away because there was no place for her. With a total enrollment of somewhat less than 500 at College Park, the present housing facilities are badly inadequate and some of the conditions that exist are deplorable. In order to take care of the growth that may be expected and to realize more fully on its present considerable investment, the state can hardly do less than

spend considerable money at College Park in providing suitable living quarters for students, faculty, and the maintenance force.

The colleges of the University located at Baltimore - Law, Medicine, Dentistry, and Pharmacy - are, with the exception of the College of Law, in severe financial straits. They have been practically trying to pay their own way in spite of the demonstrated fact that money must be liberally spent for instruction in medicine, pharmacy, or dentistry if the student is to receive the kind of education the world has come to expect in these fields. Laboratories and their equipment are tremendously expensive; libraries that cost considerable sums for establishment and maintenance are regarded as essential; and the cost of instruction alone is likely to require all the money collected as tuition from students. The colleges have struggled along valiantly trying to make ends meet and examples of individual and group devotion and sacrifices could be cited at great length.

The problem of instruction seems to have been solved fairly well through the employment of a relative small number of full-time men in each college and of a larger number of part-time men whose compensation in considerable part is the prestige that comes from being on the faculty, the satisfaction that comes from rendering worthy service in a good cause, or the opportunity to keep up with developments in the profession. The buildings, however, are old, not in very good condition, and must be supplemented by additional space. The laboratories and other equipment do not measure up to modern standards and the records and clerical work are inadequately performed by staffs altogether too small. The library is hardly worthy of the name. The crying need is for financial relief.

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The College of Law is somewhat different in that the revenue is more nearly adequate to the needs. The question here, however, is whether the state is or should be satisfied. The College has traditions which are invaluable, the alumni numbers many distinguished men, and in the faculty are lawyers whose service as instructors could hardly be secured for any reasonable sum of money. However, as classes meet only in the evening, the college cannot be considered a standard law school.

The University Hospital likewise presents a clearly defined case of financial starvation more acute, if such a thing is possible, than the colleges. The building is old and not well suited to its use (as a single example, the fire hazards are a constant source of danger and worry); the revenue is adequate for operating expenses only when the hospital runs to full capacity and then not sufficient to take care of adequate repairs and replacements; the floating debt is considerable; the nursing staff inadequate; the facilities for serving food are very bad; the living quarters for the nurses are unspeakable; and the amount of free work necessarily done is an unending source of expense. The University Hospital seems necessary both as the state's part in giving free medical treatment to the poor of the largest city and as an adjunct of the Colleges of Medicine and Dentistry. Here again, however, the state will apparently have to spend more money to make conditions tolerable or discontinue the Hospital.

State-Aided Schools: The state has embarked upon a policy of furnishing aid to educational institutions, the budget for 1921 providing \$205,700 for such purposes and for 1922, \$203,700. In return several of the institutions to which state aid is given are required to

provide scholarships. It is impossible to discover that any serious study has been made to determine whether the educational institutions receiving state aid are giving the sort of instruction which justifies the state in paying out its money in this form or whether indeed there is any excuse for the existence of some of the schools. It may well be that some of these schools are attempting in an ineffective fashion to do the work done competently by other schools, and that the state is really wasting its money. There is not the slightest question that until it is demonstrated that the schools receiving state aid are not duplicating any existing agency, that they are giving instruction of suitable character, and that the state receives an adequate return for the money provided, the appropriations should be withheld.

One Department of Education: That all the above problems will be dealt with in the best possible manner with two separate agencies - the Department of Education and the University of Maryland - presenting their claims separately is conceivable but hardly likely, even though the relations between the two are cordial and harmonious. The problems are all part of one large problem rather than distinct from each other; and the Governor and Legislature will be aided in their allotment of funds if they have a comprehensive view of the needs of education in the state rather than of the Department of Education and the University of Maryland as separate agencies. Moreover, the educational system of the state is more likely to develop most rationally and to grow into a well-rounded entity without gaps here and over-development there if one agency views the various administrative problems as part of a unified plan. The total state appropriation for educational purposes already amounts to some three

million dollars per year, nearly one-fourth of the expenditures for all purposes. The state ranks twenty-fifth in its per capita expenditures for education among the states. When additional money is set aside for educational ends it should be spent not merely where it will do the most good. In other words, a well considered and consistent policy should be adopted with proper emphasis on elementary education, the normal schools, and the university; and due attention given to this policy in making up the biennial budget and in meeting the administrative problems.

Governor Hyde of Missouri, in recently urging the centralized control of educational institutions of his state before the Legislature said:

"In the management of these various (educational) institutions, there is too much local pride, too little state plan, too much local interest; too little attempt to make them units in a state system. We must see the educational system, as a whole, and as a statewide interest, not a disassociated lot of local interests."

"The Legislature is not at fault. It has not the means nor the time to get adequate information. The relative needs, merits and deserts of the several institutions can only be served, and consistently supplied along the lines of a statewide educational service by an executive head of all the institutions responsible for them all, not to the locality but to the state."

Problems and Policies of Institutional Management:

Next in size to the expenditures of the state for educational purposes are its annual appropriations for the support of eleemosynary and correctional institutions. Approximately twenty per cent of the state's annual appropriations is required for this purpose. Maryland ranks sixteenth in its per capita expenditures for charities, hospitals, and corrections, \$1.35 being expended as compared to an average for all states of \$1.28. The states of Massachusetts, Connecticut, and Minnesota

spend the largest sums per capita on their eleemosynary institutions.

The problem of insuring an efficient management of the institutions of the state is important not only because of the large appropriations involved, but because in this field lie perhaps the greatest opportunities for wasteful and extravagant use of these appropriations. Mention has already been made of the absence of uniform standards of business procedure among the institutions. Inasmuch as any measure of the efficiency of expenditures for the public welfare must involve results as well as costs it would seem to be desirable to consider those policy questions that affect results. Brief reference will be made to the vocational training and employment of the wards of the state, the development of institutional farm management, and the need for supervision of state-aided institutions.

Need for Coordination and Extension of Institutional Industries: The wards of the state now number about 7,000 including delinquents, the insane and the feeble minded, inmates of the tuberculosis sanatoria, children in training at the School for the Deaf, and blind persons employed at the Workshop for the Blind. Opportunities for regular employment should be furnished all those whose physical and mental condition permits. If possible, this employment should meet with four requirements. First, this employment should have either a vocational or a curative value. Delinquents, particularly the inmates of reform schools, should return to freedom better fitted because of vocational training to become self-supporting and self-respecting members of the community than when they left it. Occupational therapy is of course of great importance in connection with the inmates of the insane asylums

and the School for the Feeble Minded. Second, it should be profitable, at least to the extent that it contributes to the support of the inmates or wards involved and lessens to that extent the maintenance cost to the state of its institutions. Third, it should be directed at the production of supplies for the use of the state or of public works in order that the state may not be charged with competing with private business or with exploiting its wards for purposes of outside revenue. Finally, the employment selected should be interesting or made attractive, otherwise it can prove neither successful, profitable, nor productive of any worthwhile results.

Large numbers of inmates of the Penitentiary and the House of Correction are not being furnished with adequate opportunities for employment, particularly during the winter time. Such opportunities are also limited at most of the hospitals for the insane, where the occupations selected must necessarily have a curative value and where there is a considerable number of persons incapable of any profitable or sustained employment of any kind. There are likewise many feeble-minded children at the Rosewood State Training School who cannot be expected to contribute much of anything of value toward their support. An extension of vocational opportunities is also highly desirable at the Maryland Tuberculosis Sanitorium.

In the light of the numerous requirements of satisfactory institutional employment, a general reorganization of such work along factory lines is out of the question. Nor can any single kind of employment be expected to meet the local conditions at each individual institution. Each presents its own problems and special modifications and adaptations

of any general scheme must be made. At present, the state has no consistent industrial policy or plan. The manufacture of certain articles is undertaken under the direction of the superintendents of the various institutions who have in mind their own local problems and rarely consider those of the state as a whole.

In connection with the maintenance of its wards and other operations of its business, the state necessarily requires large quantities of varied supplies every year. With a definite plan of distribution of institutional industrial work there appears to be no good reason why a worth-while percentage of these supplies cannot be produced by the various institutions of the state. The needs of the state must be lined up on one side of the ledger and the requirements and limitations of the various institutions on the other, and a definite comprehensive plan worked out. Without centralized control of all institutions, such a plan can hardly be satisfactorily developed. In Part II it is therefore proposed that all the institutions of the state be grouped within a proposed Department of Welfare, and that an Industrial Supervisor be appointed to have general supervision of all industrial workshops, of agricultural activities on the farms, and of road work, reforestation, and other public work done by the state's wards. It is proposed that he be assisted by a Farm Agent and a Sales Agent. In connection with his efforts to develop a comprehensive industrial program, it would be a part of the work of the Industrial Supervisor to eliminate the contract labor system from the Penitentiary and the House of Correction. He should work in close cooperation with the Central Purchasing Bureau.

Coordination of Institutional Farm Management: The state operates thirteen farms in connection with its various institutions. A

number of these farms are being profitably operated and are producing great quantities of food stuffs for the use of the institutions to which they are attached. Aside from the experimental farms at the State University, the farms at the hospitals for the insane have doubtless proved the most successful. On the other hand, a number of the state farms, either because of inferior soil, unsuccessful management, or inadequate appropriation for improvement, are not producing the desired results.

The intensive development of all farm land owned by the state is greatly to be desired because of the opportunity of thereby materially reducing the cost of maintaining the thousands of inmates at the various state institutions. In order that the best results may be obtained the supervision of the various farms should be entrusted to a farm superintendent or farm agent, as is suggested in connection with the proposed organization of the Department of Public Welfare. Such an officer would be able to give valuable advice and assistance to the local farm managers and would be able to make arrangements for an exchange of produce among the various institutions, some of which might be better able to produce certain kinds of crops than others. He should also be able to call upon the agricultural college at the State University and obtain assistance. The president of the University of Maryland has expressed himself as being anxious to cooperate with the various institutions in this matter, thus affording the students at the college an opportunity to study and work out practical farm problems. The farm agent would thus be able to become a point of contact between the various institutional farms and the college of agriculture.

Closer Supervision over State-Aided Institutions Essential:

The problem of adequate supervision over state-aided institutions, which

at present receive seven per cent of all appropriations made by the state, is one which it is believed has not received sufficient attention. The Board of State Aid and Charities is not of the proper type of organization for such supervision, nor has it had the facilities to exercise the close scrutiny required. In the past it has been all too easy for groups of enthusiastic and well-intentioned individuals to go before the Legislature and obtain appropriations for state-aided institutions in which they were interested. It is probable that some of these appropriations have been made at the expense of state institutions. Under the proposed Department of Welfare a policy of more rigorous inspection of state-aided institutions should be instituted in order that there may be no question but that agencies receiving such aid are conducted in an efficient and business-like way and are entitled to continued state support. A cooperative arrangement should also be worked out with committees of the Baltimore Chamber of Commerce and the Merchants' and Manufacturers' Association, in order that public and state support may not be extended to those institutions which are not properly endorsed. Reports furnished to the proposed Department of Welfare by state-aided institutions should be more thoroughly investigated, and a definite standard practice developed in compiling the information submitted. There should also be a gradual extension of the "per capita system" by which institutions would receive state assistance in the exact proportion of the service they furnish persons for whose support the state feels itself responsible. The counties and the City of Baltimore could perhaps be made to contribute a larger sum for the maintenance of their residents in attendance upon those institutions.

Expenditures for Public Health:

Maryland expends nearly one quarter of a million dollars annually for public health work and ranks high among the states in its expenditures for this purpose. It ranks sixth in its per capita expenditures for the prevention and treatment of communicable diseases and fourth in its expenditures for other public health work. It spends approximately twice as much per inhabitant in this field as the average state spends.

The expenditures of the state are relatively higher than those of some of the other states because of the expense involved in the supervision of local health conditions on the part of deputy state officers. A recent increase in public health appropriations has also resulted from the fight for the control of venereal diseases. The Department of Health has undoubtedly been one of the most effective and efficiently managed departments of the state government, and has achieved splendid results. It is believed that still greater efficiency will be obtained with a somewhat closer supervision over the deputy health officers and a centering of administrative responsibility for the work of the departments upon a Director of Health instead of the present State Board of Health.